



November 2009

## **Draft: Tuition Report Final Recommendations Engrossed Substitute House Bill 2344**

### **Introduction**

Engrossed Substitute House Bill 2344 (ESHB 2344) directed the Higher Education Coordinating Board (HECB) to evaluate “tuition flexibility options” for the state’s public baccalaureate institutions.

This study, which began in May 2009, was conducted in collaboration with representatives of the public baccalaureate institutions, staff from the State Board for Community and Technical Colleges (SBCTC), the Council of Presidents (COP), representatives of the Washington Student Association, and staff representatives from the Governor’s Office of Financial Management and the state Legislature.

The study representatives reviewed the findings and recommendations of 15 prior tuition studies, evaluated the tuition alternatives outlined in the legislation, and have formulated a new state-level tuition policy to guide future tuition rate decisions.

Each tuition alternative was evaluated in terms of its administrative feasibility, effect on state financial aid programs, and impact on students of varying income levels. Importantly, the stakeholder group also evaluated each option in terms of its effect on student access, affordability, and alignment with the state’s *Strategic Master Plan for Higher Education*.

The sum of this work is captured in a working draft entitled, *Tuition Policy Report*, for HECB review and consideration before Board action scheduled for November. The working draft contains a general review of public policy as it pertains to higher education and the responsibility of the state and private beneficiaries of a public higher education system.

The draft includes a review of prior research related to tuition and its effect on access and affordability and an illustration examining the relationship between tuition levels, expected family contribution, and income levels of Washington families.

Finally, preliminary recommendations from HECB staff as well as institutional and student assessments of each tuition alternative are presented for consideration by the Board.

## I. Policy Context

Engrossed Substitute House Bill 2344 (ESHB 2344) directs the Higher Education Coordinating Board to evaluate “tuition flexibility options” for the state’s public baccalaureate institutions. This paper presents the findings and recommendations of the study, which was conducted in collaboration with representatives of the public baccalaureate institutions, staff from the SBCTC, the COP, representatives of the Washington Student Association, and staff representatives from the Office of Financial Management and the Legislature.

This report proposes for Board consideration, a recommended tuition policy – at both a state and institutional level – for resident undergraduate students. Additionally, the paper presents an institutional and HECB staff assessment of the tuition alternatives as specified in ESHB 2344.

The paper also presents an important discussion of existing data concerning how tuition setting practices can influence student enrollment and, particularly, responds to ESHB 2344 by examining the high tuition model.

The HECB’s statute requires it to represent the broad public interests in higher education above the interests of the individual institutions and to serve as an advocate for the state’s system of higher education and for students. This report reflects careful attention to fulfilling that responsibility, especially as it concerns the interests of students and families. Additionally, the primary goals of access and affordability, as promulgated by the *2008 Strategic Master Plan for Higher Education*, are paramount to the formation of this tuition policy.

## Summary of Washington Tuition Practices

Tuition policy has been a focal point for debate in higher education nationwide since the 1970s and many tuition-setting options have been explored several times in our state and others.

Since 1990, the Higher Education Coordinating Board has produced 15 studies related to tuition policy and tuition setting practices.<sup>1</sup> These prior studies have demonstrated two important principles. First, increasing tuition and fees for students continues to outpace median family income and personal per capita income growth. Second, when state revenue declines, higher education appropriations decline in tandem and tuition and fees increase dramatically in an effort to offset non-tuition based revenue.

These prior reports discuss and emphasize the need to ensure access to higher education by determining a fair, predictable, and affordable tuition policy. Despite many efforts toward those goals, however, since 1995, tuition-setting practices have been established by the Legislature in the state budget and not by a state public higher education tuition policy. As a consequence, decisions about tuition levels have, in effect, been a result of the cyclical nature of state general fund revenue and not a long-term commitment to tuition policy goals.

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<sup>1</sup> The full detail, of the HECB reports and briefs related to tuition and fees and tuition policy, is presented in Appendix 1 titled “Synopsis of Tuition Policy Work.”

## Guiding Principles

### 1. Tuition and Accessibility

Ensuring access to college for all citizens, regardless of their income, is a primary principle of public higher education in the United States. This concept is a founding principle of our democracy. Specifically, public higher education was intended to be, and is, a vehicle for educating all citizens and not just the elite. The historical significance of an accessible higher education system resonates today as strongly as it did when Thomas Jefferson founded the first public university in Virginia.

*"I know no safe depositary of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education." Thomas Jefferson, 1820*

Higher education has the power to transform lives, to build a more prosperous future for our state, and to help us create a society that reflects the diverse contributions of all its citizens. This transformative power flows from the government through an independent but state-supported system of higher education to the students.

Ensuring equitable access is a fundamental underpinning for such an enterprise, which is based on the idea that everyone benefits from rising levels of education. This concept has served our country very well over time, and it argues strongly for a tuition policy that defines the appropriate share of costs between the state and the individuals who benefit.<sup>2</sup>

In summary, equitable access to public higher education is achieved through several avenues, but perhaps the most important is tuition policy – because the amount people have to pay for higher education directly affects how many participate and succeed.

### 2. Academic Quality and Funding

Since tuition provides a principal source of revenue to institutions, it plays an important role in an institution's ability to provide students with a quality academic experience. Specifically, academic quality requires, in large part, a sufficient amount of resources being available to, and optimally managed by, an institution.

This principle keenly illustrates, therefore, the importance of tuition to both an institution and to the student. Specifically, institutions need enough revenue to be held accountable for providing quality instruction, and students deserve a quality education from the tuition they pay.

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<sup>2</sup> This report will not offer lengthy analysis about each tuition policy's potential to affect the Guaranteed Education Tuition (GET) program, as the Office of the State Actuary is conducting an analysis of that program, with participation from the HECB concurrently.

## II. HECB State Tuition Policy: Rationale and Framework

The term “policy” is used in many different contexts, often with different meaning. Often it is used to refer to a rule which prescribes desired behavior. Public policy is different, however, in that it represents a formal expression of shared values and goals, typically adopted by a governmental entity, to guide future decisions to achieve desired outcomes.

The central issue of public higher education tuition policy concerns the appropriate sharing of cost between the public and students. This policy question has endured since the creation of American public higher education. As Jefferson wrote:

*“The expenses of the universities are defrayed partly by the public, and partly by the individuals profiting of them.”*

— Thomas Jefferson, 1823

Accordingly, a state public higher education tuition policy should express as a goal the appropriate and desired share of costs between students and the public.

Such a policy would produce the following desired outcomes:

- Support existing state policy to raise the educational attainment level of Washington citizens.
- Result in stable and predictable levels of tuition for students, families, and institutions to ensure access and affordability for students of all income levels.

### Components of Tuition Policy

Following from these desired outcomes, this paper proposes a state resident undergraduate tuition policy which establishes as goals:

- At the state level, the appropriate share of public (state appropriated) revenue to institutions and of student tuition revenue to fund the cost of undergraduate education.
- At an institutional governance level, the types of tuition rate setting alternatives available to institutions to realize the state-level tuition revenue goals.

As a policy goal, the share of costs will be normative in nature, reflecting a consensus on what the appropriate share or proportion of cost should be between students and the public – as Table 1 illustrates.

**Table 1 - Cost-sharing examples**

State Share of the Cost (NGF-S Appropriations)	Student Share of the Cost (Tuition Revenue)
60%	40%
55%	45%
45%	55%

**Table 2** shows the percentage of total instructional funding provided by tuition revenue for each of the six baccalaureate institutions in Washington during 2006-07. It also shows the percentage of total funding provided by tuition revenue at comparable types of institutions in Global Challenge States (GCS) for this time period. Based on these figures, it is apparent that Washington institutions relied on tuition revenue to fund instructional costs more than their GCS peers did in 2006-07.

**Table 2**

**Percentage of tuition and fee revenue to total revenue (state support and tuition and fee revenue) by institution Compared to the average percent in the Global Challenge States**

2006-07	UW	WSU	CWU	EWU	TESC	WWU
<b>Percentage of Tuition &amp; Fee Revenue to Total Revenue</b> (State Support + T&F)	51.4%	38.9%	47.5%	50.5%	51.5%	53.4%
<b>GCS Average</b>	40.4%	42.5%	44.2%	47.5%	35.6%	45.2%

**Table 3** shows that in FY 2010, the percentage of total funding provided by tuition revenue per budgeted FTE grew significantly in response to the economic downturn.

**Table 3**

**Percentage of tuition and fee revenue to total FY 2010 revenue (state support and tuition and fee revenue) by institution, for the current fiscal year by budgeted FTE**

2009-10	UW	WSU	CWU	EWU	TESC	WWU
<b>Percentage of Tuition &amp; Fee Revenue to Total Revenue</b> (State Support + T&F)	52.0%	47.4%*	50.2%	49.1%	51.5%	53.2%

\*Calculation excludes appropriations to agricultural research and extension programs.

### III. Implications of Tuition Policy

ESHB 2344 calls for an examination of the interaction effects of high tuition, lower-income student participation, and financial aid. The term “high tuition,” by itself has no implicit definition and, hence, no meaning. Clearly, “high tuition” is a relative concept, meaning tuition levels that are higher than something else, specifically other tuition levels.

When discussed in the context of public higher education, the “high tuition” concept is typically found to be a part of a state budgeting approach which would propose that higher tuition can, and should, be tied to lower state appropriations to institutions. This “higher tuition and less state appropriations model” frequently addresses the issue of affordability by linking “high financial aid” as a mitigating action.

This paper presents a summary of the experiences of other states and institutions that implemented forms of the high tuition model. Specifically, this existing research provides objective information about the consequences of the “high tuition model” on lower-income

student participation and student debt impacts. The impact of student debt is very important since it demonstrates the limits of financial aid as high tuition mitigation on students and families who do not qualify for aid.

Following this discussion, the paper presents data concerning the interaction between family income levels, expected family contribution levels, and tuition levels.

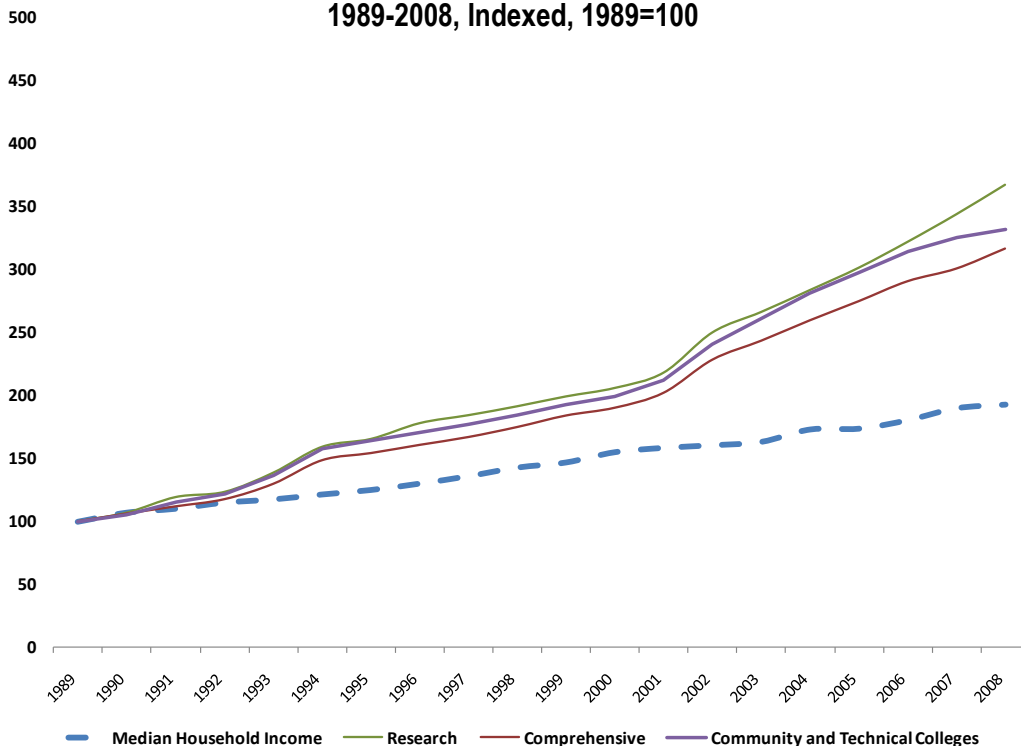
## Prior Research

Tuition and fees in Washington have outpaced the level of median family income growth in Washington for more than two decades. As tuition and fees have increased disproportionate to family income levels, student debt has risen dramatically. This decreasing level of affordability for Washington students has been compounded by increased general levels of consumer debt, higher health care costs, and a rising cost of living.

The result is that middle-income families and individuals – those who do not qualify for most student financial aid programs – cannot save as much for college. The dollars they earn buy less higher education than in the past, and that current wages are not sufficient for current tuition and fees (Heller, 1996; Perna & Li, 2006).

Chart 1 shows the relationship of median family income growth to college tuition and fee growth over the last 20 years. Note that tuition and fees have outpaced income growth in each sector of higher education.

**Chart 1 - Washington Median Household Income and Resident Undergraduate Tuition  
1989-2008, Indexed, 1989=100**



Source: Office of Financial Management for MHI, Tuition from HECB Tuition Survey.

Complicating this is the growth of personal family debt relative to family income. The Federal Reserve has calculated that the ratio of debt payments to disposable personal income was a high 13.9 percent in 2008 (compared to 11 percent in 1988 and 1998).<sup>3</sup>

Rapidly increasing health care costs also have reduced the ability of many families to pay for college. A 2008 Kaiser Foundation annual survey of family health care costs, found that employees contributed nearly \$3,400 towards their health insurance (or 12 percent more than they did in 2007).

To summarize, as higher education tuition and fees have outpaced income growth and as rising consumer debt service and increased health care costs have taken up ever-higher proportions of family incomes, higher education has become increasingly less affordable (Heller, 1999).

When families cannot afford the cost of attendance, they often are forced to take out loans. The use of federal loans to finance higher education attendance increased from \$791 million to \$67 billion from 1970 to 2007 (Cunningham and Santiago, 2008). Even worse, research indicates that many students from lower and middle-income families simply forego college participation based on the increasing price.

Without a tuition policy that establishes the appropriate share of costs to be paid by students and the state, it is likely that tuition and fee increases will continue to outpace family income growth, making a college education much harder to attain than at any time in recent history; this at a time when we need to be educating many more of our citizens to higher levels to compete in the knowledge-driven global economy.

Increasing access to higher education for students from low-income families and students of color, is a priority of the *2008 Strategic Master Plan for Higher Education*. Promoting access can be accomplished in a number of ways, but the literature presents tuition-setting policy as a key means for positively or negatively affecting college going among low-income students.

Higher education literature presents a vast body of work on the relationship between tuition and enrollments. By and large, increasing tuition is believed to affect enrollments negatively (Leslie & Brinkman, 1987; Heller, 1996; Ehrenburg, 2006).

While some efforts have been made to unpack the explanatory variables for slackening enrollment, the face value amount of tuition, the availability of financial aid, and the preparation of students in the K-12 sector are all believed to affect college-going rates; however, a more critical question is clear: ***Who is affected by increasing tuition?***

An implication of rising tuition is access to higher education for low-income students and students of color.

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<sup>3</sup> Federal Reserve Economic Research and Data Services. Retrieved June 3, 2009, from <http://www.federalreserve.gov/releases/housedebt/default.htm>.

Research indicates that low-income students react differently than high-income students to tuition rates, known also as “sticker price,” and to different types of financial aid (Heller, 1997; St. John, 2002). Overall, lower income students respond quickly and decisively to higher tuition rates. When tuition increases by \$1,000, lower income students are 16 to 19 percent more likely to drop out of college, regardless of financial aid (Paulsen & St. John, 2002).

Across all institution types and student income levels, tuition increases of \$100 result in a drop in enrollments of one-half to one percent; these data points were arrived at using information from the early 1980s, so the affect could be much greater today (Heller, 1997). Overall, the higher education literature asserts that the higher tuition prices climb, the more low-income and lower middle-income students perceive college as a hardship.

*“It is precisely those poor and working-class students who are aware of the problematic nature of college costs, those who self-identify and profess that they are financially at risk in the face of such costs and who intentionally select the colleges they attend according to the availability of financial aid and low tuition ...”*

— Paulsen and St. John, 2002

Research suggest that high levels of financial aid may not have a significant impact on decisions made by low-income students, many of whom would rather attend low-cost institutions over high-cost institutions, even if high aid is available (Paulsen and St. John, 2002).

Although tuition assistance programs aim to assist extremely low-income resident students, many of these students will choose not to sit for entrance exams and submit applications, steps that are necessary to enroll in college, due to sticker shock from tuition costs (St. John, 2002). Far fewer middle and upper income students will fail to take required entrance exams and submit applications due to college costs than their low-income peers.

The high tuition scenario has been associated with a number of unintended negative consequences, primarily on the enrollment patterns of low-income students and students of color. Since this policy has been employed, the University of Michigan has experienced a 10 percent decrease in the number of students from households making between \$10,000 and \$74,999, and an 8 percent increase in the number of students from households making over \$200,000. Likewise, the entering freshman classes have become less ethnically and culturally diverse (Nishimura, 2009).

In summary, access to higher education is affected by increasing tuition and fee rates. In particular, rates affect low-income students and students of color most adversely.

### **Interaction between Family Income, Tuition Share, and Financial Aid**

To examine and illustrate the interaction between varying tuition levels, family income, and financial need, data were gathered to address the following questions.



At varying levels of tuition, with a fixed or constant amount of the cost of undergraduate instruction (state appropriations and tuition):

1. *What are the differing amounts of the “cost of attendance” to a family/student (tuition, room and board, books, transportation costs, and mandatory fees)?*
2. *What income levels of a family of four with one student are needed to pay the differing costs of attendance?*
3. *How many families of four in Washington have family income that fall below these needed amounts?*

To address these questions, the following data sources and assumptions were used:

- For this illustration, the cost of instruction for resident undergraduate students was based upon the University of Washington’s 2008-09 level of \$10,885.
- Cost of attendance includes fixed costs but would decrease should tuition decrease as the student share of the cost of instruction is adjusted.
- Family income information is based on a Washington-domiciled family of four with varying levels of annual income, assets of \$40,000, varying levels of taxes, but with one dependent student in college.
- Information related to income levels below Expected Family Contribution is derived from the American Community Survey. The analysis was completed for the HECB by the Office of Financial Management.

**Table 4**  
**Interaction between cost of instruction, tuition rates, and family income**  
**in the state of Washington for families of four – University of Washington example**

2008-09 Cost of Instruction (State Support and Tuition Revenue) = \$10,885 <sup>(1)</sup>		Cost of Attendance at Varying Levels of Tuition <sup>(2)</sup>	Family Income Levels		
Tuition and Fees in dollars as a part of the Cost of Instruction	Tuition and Fees as a Percent of the Cost of Instruction	Cost of Attendance as Tuition Increases	Family Income Needed to Pay Cost of Attendance	Families Below Income Level Required to Meet Expected Family Contribution <sup>(3)</sup>	
				N = Number of Families	% of State Families of Four
\$2,177	20%	\$14,513	\$90,000	174,314	61%
\$2,721	25%	\$15,057	\$92,500	180,159	64%
\$3,810	35%	\$16,146	\$95,000	184,480	65%
\$4,354	40%	\$16,690	\$97,500	189,330	67%
\$4,898	45%	\$17,234	\$98,500	190,267	67%
\$5,443	50%	\$17,779	\$100,000	193,190	68%
\$5,987	55%	\$18,323	\$102,500	197,844	70%
\$6,531	60%	\$18,867	\$103,500	199,151	70%
\$7,075	65%	\$19,411	\$105,000	202,136	71%

(1). Cost of Instruction for resident undergraduates at the University of Washington derived from 2008-09 Disclosure Report.

(2). Based on the 2008-09 total academic year cost of attendance \$19,138 when tuition was \$6,250.

(3). Source: ACS PUMS 2005-2007. The ACS sample was 8,680 families of four with resident children under 25.

Using the ACS household weights, that translates into 283,704 families of four in WA.

Table 4 illustrates how the Cost of Attendance to a family changes as the share of tuition to the Cost of Instruction changes. In the table, tuition shares to the cost of instruction (\$10,885) are presented in categories ranging from 20 to 65 percent. Additionally, the table shows the family income levels needed (per Peterson's Expected Family Contribution calculator) to afford the varying levels of the Cost of Attendance, and the proportion of Washington state families of four with incomes below the needed income level.

For example, if tuition is 40 percent of the cost of instruction, the family income needed to pay the full cost of attendance is \$97,500. As shown in the table, about 67 percent of Washington families of four are below this income level.<sup>4</sup>

The implications of these data on the importance of financial aid as a means to achieve affordability and "level the playing field" are significant. For example, currently, the State Need Grant (SNG) program provides assistance to families making up to 70 percent of the current median family income. In 2008-09, the median income for a family of four was \$75,000. Therefore, SNG assistance was available only to families that made up to \$52,500.

In light of the above, it is clear that the current eligibility income level for state financial assistance is not sufficient for the majority of families to pay the cost of attendance. This finding reveals a significant obstacle in achieving state policy goals to raise the state's postsecondary educational attainment level. Put simply, state financial assistance being available only to families earning less than \$52,500 will not "level the playing field" for most Washington families.

#### IV. Tuition Alternatives Analysis: Institution and HECB Evaluation

Two major policy values will guide the assessment of these potential tuition alternatives:

- 1. Higher education is a public good with a private benefit.**

The burden and benefit of higher education must be shared by the public, as higher education benefits Washingtonians broadly, but also benefits the individuals specifically that experience it. The share of the cost born by each group is the qualitative judgment which must be made before establishing particular tuition policy alternatives.

- 2. Tuition policy shifts must support the deep-rooted values of affordability and access.** This is promulgated by the *2008 Strategic Master Plan for Higher Education* approved by the HECB and agreed to by the public institutions, the 2008 Legislature, and the State Board for Community and Technical Colleges.

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<sup>4</sup> It is important to note that these data do not reflect other sources of funds which some families receive or have to pay for college. For example, some families may have diligently saved for college costs over many years or have invested in GET or other similar programs. Also, some families receive financial contributions from other family members or other organizations.

“The ultimate reality for publicly supported colleges and universities is that they serve their states. The ultimate reality for state government is that they have to make explicit what they expect and how much they will pay to get it” (Leslie and Berdahl, 2008).

Arriving at a fair and balanced share of the cost for higher education for the citizens of our state and the students in higher education will be a critical process to towards supporting the *Strategic Master Plan* goals of increasing degree attainment broadly and maintaining access for low-income students and students of color.

ESHB 2344 identified several tuition alternatives to be examined in collaboration with higher education institutions.

The alternatives evaluated in this paper include:

- A. Institution based
  - i. Mission/role based
  - ii. Campus based
- B. Student choice based
  - i. Program based
  - ii. Student credit load based
  - iii. Upper/lower-division based
  - iv. Delivery method based (online delivery)
- C. Student/Family income based
- D. Market based
- E. Option to ‘encourage or facilitate co-enrollments’
- F. High Tuition, High Financial Aid

## Alternatives Evaluation

### A. Institution Based

#### i. Mission / Role Based

##### *Summary of Option*

This option would allow for further differentiation of tuition rates among Washington's public higher education institutions based on individual mission and role.

Tuition rates currently are set by general institutional type. The state's two research universities charge an average of \$7,594 per year; the four 'comprehensive' universities (which include The Evergreen State College) charge an average \$5,480 annually; and the community and technical colleges charge an annual average of \$2,925. The rates vary slightly by institution within each of the three sectors.

A mission/role-based tuition model is advocated by some because it might result in levels of tuition that more accurately reflect the specific types of programs, degrees, and services provided by each institution. This would broaden the range of tuition charged statewide and might encourage institutions to be more market sensitive and cost conscious.

The current practice of setting tuition rates by sector began in 1977, when a cost-sharing model was established based on the cost of instruction (expenditure-driven) at the research institutions. Under this model, students at the research institutions paid tuition equal to 25 percent of instructional costs. Students at the comprehensive institutions paid 80 percent of the research tuition rate and students at the community colleges paid from 45 to 50 percent of the research rate.

The cost-sharing model was abandoned in 1981, but the practice of differentiating tuition by sector remained, which accounts, in part, for today's higher research institution tuition rates. Table 5 shows how tuition rates were determined in 1977-81. Table 6 shows today's rates by sector and institution.

**Table 5**

**1977-1981 tuition was a percent of the cost of instruction at the research universities**

Percent of Cost at Research Universities	
<b>Research, Resident</b>	25% of cost
<b>Research, Nonresident</b>	100% of cost
<b>Comprehensive, Resident</b>	80% of research cost
<b>Comprehensive, Nonresident</b>	80% of research cost
<b>Community and Technical College, Resident</b>	45% or 50% of research cost

**Table 6**  
**2009-10 Tuition and fees by institution and sector average**

<b>Institution/Sector</b>	<b>Tuition and Fees</b>
University of Washington	\$7,587
Washington State University	\$7,600
<b>Research Sector Average</b>	<b>\$7,594</b>
Central Washington University	\$5,589
Eastern Washington University	\$5,445
Western Washington University	\$5,472
The Evergreen State College	\$5,413
<b>Comprehensive Sector Average</b>	<b>\$5,480</b>
<b>Community College Average</b>	<b>\$2,925</b>

#### *Institutional and Student Assessment*

A tuition policy allowing institutions to set tuition rates based on their perceived role and mission presumably would result in more widely differentiated rates pegged more specifically to institutional programs and markets. This type of tuition policy would be met with less resistance by institutions than many other alternatives explored in this report. Institutions tended to agree it would provide a better model than sector-based tuition to account for their differential missions, quality, and competitiveness.

#### *HECB Staff Assessment*

Staff concur with the institutional assessment and recommends the Board support this as a tuition alternative. This alternative recognizes the diversity of Washington's public higher education institutions. It would not appear to affect the distribution of State Need Grant funds. Neither would it prevent accurate predictions of how changes in tuition rates might affect program costs nor would it affect current reporting requirements.

#### ii. Campus Based

#### *Summary of Option*

Another option would be campus-based tuition rates. This option would allow institutions to take into account the unique economies of their various service areas and regions in setting tuition rates. For example, the branch campuses now charge the same rates as their research universities. This change would allow the branch campuses to charge different rates, possibly closer to those charged by the comprehensive institutions.

#### *Institutional and Student Assessment*

This alternative was generally thought to be feasible from an administrative standpoint by some institutions. Some of the comprehensive institutions have different fees at the university center locations than at the main campus but, by and large, the operating portion of

tuition is consistent across campus locations. There were no real concerns about the policy from the research institutions, with the exception that the option would not necessarily influence enrollments substantially at the branch campuses as the policy may intend.

#### *HECB Staff Assessment*

The staff review of this alternative indicated it would be relatively easy to implement and might have the potential to raise participation rates at branch campuses were those campuses to charge lower tuition rates and if they continue to expand degree and course offerings. It is possible this alternative might negatively influence perception in the marketplace about the value of a branch campus degree.

This option would not affect the distribution of SNG funds nor would it act as a barrier to predicting the impact of changes in tuition on program cost. It also would allow the HECB to preserve current SNG policies and the decentralized administrative structure. However, this option would require moderate changes to the reporting requirements for institutions in the State Need Grant program. We recommend the Board support this as a tuition alternative.

## **B. Student Choice Based**

### **i. Program Based**

#### *Summary of Option*

Different types of academic programs carry different instructional costs. Instructional costs can vary – sometimes widely – among institutions. Institutions in some states have begun to charge variable tuition rates at the undergraduate level to recoup the costs of more expensive undergraduate programs. Some higher education administrators believe the higher cost of faculty in certain departments necessitates that higher tuition be charged for these programs (Redden, 2007).

Among the institutions outside Washington charging higher tuition for specific undergraduate programs are the University of Wisconsin (Madison and Milwaukee), the University of British Columbia, and the entire Colorado higher education system. The University of Colorado Boulder has four tuition rates for undergraduate students, with programs like engineering and business at the top of the tuition ladder.

The University of Colorado at Colorado Springs and Colorado State University each advertise six tuition rates for undergraduate students. Iowa State University charges higher tuition for all students enrolled in upper-division engineering courses, and the University of Kansas and University of Illinois Champaign charge different rates for different engineering programs.

Washington higher education institutions are allowed to charge differentiated tuition only at the graduate level. Washington State University and the University of Washington have a wide range of tuition rates for various graduate and professional programs. The authority to set graduate tuition rates was extended through 2013 by Senate Bill 5734, passed in 2009.

The challenge of setting a differentiated tuition rate for undergraduate courses is complicated by the fact that one size will not fit all across the different institutions. In other words, instructional costs differ for the same courses taught at different institutions (see Table 7).

Details on different institutional cost structures are provided in the HECB's 2005-06 *Education Cost Study* (published in 2007). Table 7 shows how the expenditures associated with educating one student in the social sciences vary among institutions. These differentials are due to levels of salaries and benefits (for faculty, support staff, and some administrators), differences in the cost of supplies and equipment related to instruction, and differences in class size. New programs tend to have start-up costs that push their overall instructional costs up initially. However, these drop over time.

**Table 7**

**Approximate total cost per average full time equivalent undergraduate student by institution in 2005-06 for general social science degree**

Institution	Discipline Area	Total Cost per Student
University of Washington Seattle	Social Sciences	\$6,916
Washington State Univ. Pullman	Social Sciences	\$5,261
Central Washington University	Social Sciences	\$6,576
Eastern Washington University	Social Sciences	\$7,091
The Evergreen State College	Arts and Letters	\$11,021
Western Washington University	Social Sciences	\$6,135

Source: 2005-06 Higher Education Coordinating Board Cost Study.

#### *Institutional and Student Assessment*

Setting variable tuition rates based on instructional costs is viewed by some as equitable, but has the potential to reduce enrollment in certain high-demand programs and high-cost programs like music, art, and drama. In addition, the option could reduce enrollment of low-income students in the programs they want to pursue. Most institutions oppose this option because it would limit student choice of majors and force early declaration of majors. Some institutions think this alternative would harm their liberal arts missions by reducing available fields of study. Further, the option was considered an administrative challenge, as students might be more likely to change majors and would need financial aid repackaging.

#### *HECB Staff Assessment*

The HECB staff recommends the Board not support this tuition alternative. This option would limit HECB's ability to equitably distribute SNG funds statewide as well as the ability to reliably predict the impact of tuition changes on program costs. In addition, this option would require substantial changes to the reporting requirements for participating institutions and might affect HECB's ability to adhere to current program policies. HECB staff concurs with the institutional assessment that this alternative would be an administrative challenge for institutions as well as students and families.

## ii. Student Credit Load

### *Summary of Option*

Currently, students who attend Washington public colleges and universities are charged a flat rate (per institution) as ‘full-time students’ if they take from 10 to 18 credits per quarter (except for summer courses). At the University of Washington, for example, a full-time student paid \$2,375 in tuition in fall 2009. The intent of this flat-rate tuition policy is to encourage students to take more credits and complete their degrees sooner.

One alternative would be to eliminate the flat rate for full-time students and require all students to pay according to the number of credits taken. This model would be similar to the one in effect for part-time students at the UW. For example, two credits at the UW cost \$476 in fall 2009, three credits \$712, four credits \$950, and so on up to \$2,137 for nine credits.

### *Institutional and Student Assessment*

Institutions report that flat-rate tuition does speed student degree completion. Institutions also harbor a number of concerns about credit-based tuition. Credit-based tuition could lead to greater volatility in student demand and greater fluctuation in student enrollment. Absent the flat rate for full-time tuition, students would have no incentive to enroll in more hours (or not to drop a course if they found it inconvenient). This could negatively impact time to degree and courses would become more difficult to schedule.

Financial aid (State Need Grants) also would be more difficult to administer because student aid awards would vary to a much greater degree than they now do. To sum up, the additional administrative time needed to manage credit-based tuition would offset any revenue gains such a policy might produce. Therefore, institutions oppose such a policy.

### *HECB Staff Assessment*

For the reasons stated above, the HECB staff does not recommend a credit-based tuition option. This option would limit HECB’s ability to equitably distribute State Need Grant funds statewide as well as the ability to reliably predict the impact of tuition changes on program costs. In addition, this option would require substantial changes to the reporting requirements for participating institutions and may affect HECB’s ability to adhere to current program policies.

## iii. Undergraduate Level Based (lower/upper-division)

### *Summary of Option*

Some U.S. institutions (Michigan State, Arizona State) charge higher tuition rates for upper-division courses than for lower-division courses in undergraduate degree programs. This is not a practice among Washington’s baccalaureate institutions, although seven of the state’s community and technical colleges authorized to offer Bachelor of Applied Studies degrees charge a differentiated rate between lower- and upper-division courses in those degree programs.



*Institutional and Student Assessment*

This option was seen as less problematic by students and institutions than some others. A higher standard tuition rate for upper-division courses might encourage institutions to offer more upper-division courses and enable them to accept more community college transfer students. A higher standard rate would be more predictable than variable tuition rates or other approaches.

Still, there were broad concerns about the administrative feasibility of this alternative, given that students often take a mix of upper- and lower-division courses. Factoring different tuition rates would make financial aid packaging more difficult. Students might load up on lower-division courses to save money while slowing their progress to a degree. More students might drop out once they reach upper-division course levels, and levels of private and public financial aid might not be adequate to cover the cost differential.

*HECB Staff Assessment*

The HECB staff believes such a tuition policy would negatively affect student retention at the upper-division level. In addition, such a policy would place a greater financial burden on students (especially those from low-income families), would be more difficult for institutions to administer, and would require increased levels of financial aid – all elements that offset any potential positive effects.

This option would reduce the HECB's ability to distribute SNG funds equitably, as well as the ability to reliably predict the impact of tuition changes on program costs. In addition, this option would require substantial changes to the reporting requirements for participating institutions and might affect the HECB's ability to adhere to current program policies. The HECB staff recommends the Board not pursue this alternative.

iv. Delivery Method Based (online delivery)

*Summary of Option*

Currently, Washington public higher education institutions charge the same tuition for students who take online undergraduate courses as those who attend campus-based courses (with the exception of some campus fees, which online students are not required to pay). Graduate and certificate students in online courses pay a higher per-credit rate.

An alternative would be to adopt a statewide policy of lower tuition rates for online undergraduate courses. The purpose would be to increase access, especially among place-bound students or others who are under served. This would help accomplish the strategic master plan for higher education goal of expanding the use and reach of online learning to achieve higher levels of degree and certificate attainment.

There are relatively few fully online degree programs offered by Washington institutions, although the number of online courses is increasing rapidly, especially among the community and technical colleges. The great majority of students who take online undergraduate courses also take campus-based courses.

One way of approaching this policy might be to specify lower tuition rates in general for online learners and to further lower tuition rates for students who are place-bound or under-served and not taking any campus-based courses. Various metrics could be used to determine tuition rates for under-served students – such as distance from a campus or learning center.

In Pennsylvania, where many fully online degree programs are being offered, students who enroll full-time only in online courses pay less tuition than students who only enroll full-time in campus-based courses.

Full-time (12 or more credits), online students enrolled in bachelors programs through Penn State World Campus paid \$5,504 per semester in 2008-09 for the first 59 credits of the program and \$5,957 after the 59 credit threshold.<sup>5</sup> Students at Penn State's University Park campus paid \$6,507 per semester in 2008-09 as lower-division students and even higher rates for certain upper-division programs in business, science, engineering, and nursing.<sup>6</sup>

#### *Institutional and Student Assessment*

Institutions and students indicated this option might influence more place-bound and under-served students to enroll and complete their degrees. However, there is a fear that lower tuition revenue from online courses might act as a disincentive for institutions to develop and offer online programs. Some institutions also felt this option would be difficult to administer because campus-based students often supplement their course schedules by enrolling in online courses.

#### *HECB Staff Assessment*

Administering differentiated online tuition rates could be difficult for institutions and the revenue generation capacity is unknown. However, this policy might encourage more place-bound, nontraditional students to enroll in undergraduate courses and complete degrees. Staff believes that this alternative should be evaluated further prior to its use.

### **C. Student/Family Income Based**

#### *Summary of Option*

This approach bases the amount of tuition paid on family income and assets as recorded on the FAFSA form or on the family's adjusted gross income reported to the IRS. In the past, this type of tuition model has been proposed in Washington but not adopted.

One university appears to have a modified form of this model in place – Miami University of Ohio, a public institution with 16,000 students. In 2008-09, tuition ranged from a low of \$8,693 to a high of \$11,443 for full-time undergraduate Ohio residents. About 60 percent of

<sup>5</sup> For more information on Penn State's World Campus tuition and fee rates, reference <http://www.worldcampus.psu.edu/TuitionTable.shtml>.

<sup>6</sup> For more information on Penn State's tuition and fee rates, reference <http://tuition.psu.edu/Rates2008-09/UniversityPark.asp>.

Ohio residents received an income-based Miami Grant that reduced the cost of tuition by from \$1,000 to \$2,750.<sup>7</sup>

The university also discounted its in-state tuition by awarding merit-based scholarships (given regardless of income level). In addition, it offered a Miami Access grant that subsidized the full cost of tuition and fees for students with family incomes of \$35,000 or less. These students also were eligible to receive additional scholarships, grants, and federal loans to cover the cost of books and living expenses.

More than 30 percent of Miami students come from out of state and pay a much higher tuition rate (above \$25,000 per year). This money is used to help subsidize lower income Ohio residents. Miami of Ohio is considered an elite public university.

#### *Institutional and Student Assessment*

The resounding feedback from institutions regarding income-based tuition rate setting was negative from an administrative and enrollment management standpoint as well as a student perspective. There was widespread recognition that high-tuition models (absent high financial aid) are correlated with high dropout rates in lower and middle-income populations and that applications to, and enrollments in, institutions with this model could slow as a result. Middle-income students often do not have additional funds to pay the higher tuition and do not qualify for most [current] student assistance programs, thus they could end up with high levels of student loan debt if their needs are not considered in this model.

Additionally, this option has the potential to lead to income stratification across sectors and institutions. Finally, a realization that high-income students may more readily choose to go to private or out-of-state institutions rather than pay higher in-state tuition was apparent.

#### *HECB Staff Assessment*

Research has demonstrated that students from low-income backgrounds and students of color often avoid attending institutions with high tuition. Additionally, the administrative burden of this option on students, families, and institutions is problematic and its administrative feasibility is questionable. This option would limit HECB's ability to equitably distribute SNG funds statewide as well as the ability to reliably predict the impact of tuition changes on program costs. In addition, it would require substantial changes to the reporting requirements for participating institutions and might affect HECB's ability to adhere to current program policies. Staff recommends the Board not pursue this as a potential tuition alternative.

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<sup>7</sup> Undergraduate Admission Tuition and Fees. Retrieved January 12, 2009, from <http://www.miami.muohio.edu/admission/feesfinaid/>

## **D. Market Based**

### *Summary of Option*

The alternative suggests the market – supply and demand – provide the appropriate level of tuition at a public institution. For example, an institution with 3,000 available freshman seats and 15,000 freshman applicants would be free to charge more in tuition than an institution with 3,000 available seats and only 6,000 applicants. Relative demand would be the price driver. Institutions with higher tuition levels could, presumably, reinvest those higher revenues in greater amounts of student aid to ensure broad representation.

A literature review did not produce examples of an institution-level or state-level tuition policy related to, or contingent upon, demand in the form of applications versus open slots for freshmen.

### *Institutional and Student Assessment*

Responses varied among the research and comprehensive institutions. Some institutions were concerned this alternative was not in the student's best interest because basing tuition rates on market demand could erode the predictability of tuition rates from year to year. Other institutions indicated that this alternative was feasible, given declining levels of state support. Student representatives expressed significant concerns over the implications of this option on student and family affordability and access.

### *HECB Staff Assessment*

A market-driven tuition policy would further diminish the role and responsibility of the state to educate all its citizens to higher levels. The need to educate more of our citizens to higher levels – to ensure our competitiveness in a global economy and to provide a stable and civil society – is well documented. Placing institutional status at the center of the pricing model for public higher education sends the wrong message – that higher education is for some, not all. This type of policy might also have the potential to speed the reduction of state support at a time when increased levels of state support are needed.

It is well-documented in surveys and through direct experience that students from very low and lower middle-income backgrounds self-select out of institutions perceived as having high tuition rates – despite the financial aid that may be available to them. This option would limit the HECB's ability to equitably distribute State Need Grant funds statewide as well as the ability to reliably predict the impact of tuition changes on program costs. In addition, it would require substantial changes to the reporting requirements for participating institutions and might affect HECB's ability to adhere to current SNG program policies. Staff recommends the Board not pursue this as a potential tuition alternative.

## **E. Option to “Encourage or Facilitate Co-enrollments”**

### *Summary of Option*

ESHB 2344 required the HECB to assess how to encourage or facilitate co-enrollments. The primary goal of this option is to accelerate time to degree and to lower costs. This option, the reasoning goes, would make it easier for full-time students to ‘maximize’ their tuition investment by taking additional hours in courses not available at their ‘home’ institutions through other institutions at no additional cost.

This option would assist students who do want to take more credits but are prevented from doing so because the courses they need are not being offered at their home institution. It would allow them to co-enroll at another institution (on a space-available basis) where the course they need is offered without having to pay additional tuition (unless they go over the 18-credit upper limit).

### *Institutional and Student Assessment*

Analysis of this model yielded no examples of states currently using it at the baccalaureate level. On the surface, it would appear to present highly complex administrative challenges. Tuition rates in Washington vary among institutions. New funding models would be needed to redistribute the instructional costs associated with co-enrolled courses.

Aligning or agreeing upon tuition rates and dealing with extraneous fees (that are institution-specific) would present additional challenges. Further, departments might not agree on course content for similar courses and, therefore, might reject course equivalencies for major-specific courses. Even if system-wide course articulation was established to initiate this option, the articulation agreements would be difficult to change and institutional flexibility in course design and delivery would be lost.

### *HECB Staff Assessment*

Students could benefit from this option if they could take core, general education requirements at other state institutions, including community colleges, when those courses are full on their own campuses. There is a potential effect to quicken time to degree. Further, university departments could engage more across campuses and best practices for course planning, content, and pedagogy could be shared. However, the tremendous administrative undertaking that would be required of institutions and the maintenance of articulation agreements may not justify the process. This is not a tuition alternative but, rather, it is an institution-level arrangement concerning cost recovery. \

## **F. High Tuition, High Financial Aid**

### *Summary of Option:*

The high tuition, high financial aid concept proposes increasing tuition as a means to cover an institution’s costs as a result of declining state appropriations. Under this model, it is crucial that financial aid is increased so that the economic profile of an institution’s student mix is not disrupted. This model can be implemented across a spectrum or in increments but,

in its purest form, tuition is set at or closer to the actual cost of instruction at an institution. Students and families who are able to afford the tuition based on existing federal calculations pay a higher rate of tuition.

Existing state operating funds dedicated to higher education are shifted to a much-increased commitment to financial aid to ensure that access for low and middle-income students remains strong. This alters the role of the state from an actor that provides a higher education subsidy for all students in the state, regardless of their ability to pay, to an actor that utilizes public dollars to subsidize the purchase of a full-priced education for those students who cannot afford it. It removes what may be considered an unnecessary subsidy for wealthy families attending public colleges and universities. Ultimately, this model shifts more of the cost burden for higher education onto higher income families who no longer receive state subsidy.

#### *Institutional and Student Assessment:*

Student representatives as well as some of the baccalaureate institutions are opposed and do not support, this model. The University of Washington strongly advocates for this approach and Western Washington University appears to support this proposal, at least in concept.

Appendix 3 of this report provides unedited written comments from the University of Washington explaining the rationale for their support of this model.

#### *HECB Staff Assessment*

Staff understands that those who advocate the high tuition model may do so for two different reasons.

1. Some may advocate for high tuition at public institutions, not as a way to compensate for declining state appropriations but, rather, as a way to lower state appropriations to the public institutions. This type of proposal would rely on the promise of available student financial aid to mitigate the effect of high tuition on “lower” income students and families.
2. Others believe adopting a high tuition/high aid model will provide institutions a much-needed additional source of revenue *and* more flexibility to manage that revenue than is provided under the current system. This, in turn, may lead to operational efficiencies and increases in productivity.

Staff believes that the above intent and rationale for “high tuition” at public institutions has two central flaws. First, this concept conflicts with the underlying values of American public higher education which hold that public institutions are **public institutions** and benefit not just those who attend but society itself. Therefore, as discussed earlier, the cost of public institutions should be shared between the public and those who attend in a manner reflecting the public as the “owner” and principal “shareholder” of the enterprise.

Additionally, the proposal for high tuition as a way to lower state support to institutions relies on the assumption and promise that (increased) state financial aid will be available to lower income families and students. This promise ignores the evidence that affordability is no

longer a problem just of “lower income” families. Rather, as shown earlier in this report, affordability is a problem for middle-income families who do not currently qualify for state financial aid.

Secondly, others advocate for high tuition for a different reason. Specifically, in Washington some, not all, of the public baccalaureate institutions propose the high tuition model as a means to mitigate declining state support to the public institutions. Staff believes that a thoughtful understanding and analysis of this position is warranted, but within the context of an appreciation of the institutions’ commitment and interests to protect institutional quality.

Staff offer the following:

- State appropriations to the public institutions of higher education and to the state financial aid program come from the State General Fund.
- The State General Fund receives money (revenue) primarily from the state sales tax and the real estate excise tax.
- In times of economic decline, state sales tax and real estate excise tax contributions (revenue) to the State General Fund decrease.
- This decrease in contributions to the State General Fund results from people having less money for discretionary spending on products subject to state sales tax or the real estate excise tax.
- Reductions in State General Fund revenue have consistently resulted in reduced general fund appropriations to the public institutions of higher education, either as a percent of the state’s total general fund budget, or in absolute dollars.
- During periods of economic recessions, reductions in State General Fund appropriations to higher education have consistently been accompanied by increases in student tuition (see Appendix 4).
- Therefore, during periods of economic recession, tuition has been increased to those students and families who, as a result of an economic recession, have (1) fewer dollars to contribute to the State General Fund, but are then (2) expected to pay more tuition because of the decrease in revenue to the State General Fund.
- Relying on state financial aid to hold students and families “harmless” to higher tuition, imposed as a result of State General Fund budget reductions, requires an increase in state appropriations for student financial aid. These appropriations come substantially from the State General Fund, the same fund whose lack of revenue leads to increased tuition.

Some public institutions can avoid this “*Catch-22*” by having access to large amounts of private funds which, in part, can be used to offset the gap between public financial aid and higher tuition costs. However, many of Washington’s public baccalaureate institutions do not have this amount of private resources available to them.

In summary, earlier this paper provided a definition of public policy. Specifically, that *public policy* represents a formal expression of shared values and goals, typically adopted by a governmental entity, to guide future decisions to achieve desired outcomes. As discussed above, those who advocate for the “High Tuition, High Aid” model do so for two very different public policy goals. Specifically, some advocate for this model as a means to achieve the goal or outcome of less state spending on higher education. This policy goal is often part of a broader goal of reducing the size and cost of government.

Others advocate for the “High Tuition, High Aid” model to achieve the goal or outcome of sustaining institutional quality and excellence.

While it clearly conflicts with the central underlying and guiding values of public higher education, staff recognizes that those who advocate for “High Tuition, High Aid” as one means to reduce state spending have a different policy agenda which is not concerned with the purpose and values of public high education.

The same cannot be said for public institutions whose goal is to sustain the academic quality of their institution. Unfortunately, staff feels that the means of attaining this goal, through higher tuition, has long-term detrimental policy implications in sustaining the public as the principal “shareholder” of public higher education.

### **The Need for a New Basis of Determining Tuition: An Alternative Approach**

The Board recognizes that a realistic and feasible funding basis will be required to reinstall the state’s role as primary “shareholder” of public higher education. In this regard, the findings and recommendations of the Board’s System Design Plan call for a study of higher education funding, which will examine all of the three components (state appropriations to institutions, tuition, and financial aid) of higher education funding.

As part of that study, the Board believes a new alternative, hypothetical tuition revenue model should be considered, which does not ignore, but incorporates, Washington’s “cyclical” pattern of general fund revenue and higher education funding as a basis to “trigger” changes in resident undergraduate tuition.

Such a tuition revenue model would be based on the following assumptions:

- There will be no change in the state’s existing tax structure. The State Sales Tax and the Real Estate Excise Tax will continue to be the predominant source of State General Fund revenue.
- Higher education will remain a discretionary funding component of the state budget.
- The Legislature will continue to have, within constitutional provisions and existing state law, the authority to appropriate State General Fund revenue up to estimated general fund revenues.

Table 8 illustrates how tuition decisions can be linked, or “triggered,” by changes in general fund revenue and higher education appropriations.



**Table 8**  
**An Alternative Basis for Determining Tuition Revenue**

**Goal: Over time, the state should regain its position as the “majority shareholder” of the state’s public higher education enterprise.**

State General Fund Revenue and Higher Education Appropriation Cycle		Tuition “Triggers” and Institutional Flexibility Options
<b>Reduction</b>	State General Fund (SGF) appropriations to higher education institutions reduce the institutions Maintenance Level funding.	Institutions have authority to increase resident undergraduate tuition revenue to fund up to 45 percent of the reductions in instructional program costs, resulting from the reduction in institutional Maintenance Level funding, net of increased tuition revenue from increased non-resident undergraduate tuition.
<b>No Growth</b>	State General Fund appropriations to higher education institutions fully fund the institutions Maintenance Level funding with nominal program enhancements (less than 3 percent increase over the institutions Maintenance Level).	Institutions may increase resident undergraduate tuition revenue by the same escalation factor used to determine the institution’s Maintenance Level.
<b>Growth</b>	State General Fund appropriations to higher education institutions fully fund the institutions Maintenance Level funding and fund instructional program enhancements greater than 3 percent above the institutions Maintenance Level.	<ol style="list-style-type: none"> <li>1. The carry-forward level of resident undergraduate tuition may be escalated by the same factor used to calculate the total State General Fund Maintenance Level.</li> <li>2. Up to 45 percent of the cost of undergraduate instructional program enhancements will be funded by resident undergraduate tuition.</li> </ol>

## VI. Proposed Tuition Policy Recommendations

Washington State needs a tuition policy that reflects its commitment to public postsecondary education. The current alarming trend of steadily increasing reliance on students' paying higher and higher tuition moves the state away from its commitment. In order to restore that commitment the Board recommends that the Legislature and Governor adopt a tuition policy that leads to a restoration of state support so that within three biennia, the state's share will never be less than 55 percent of instructional costs for resident undergraduate students.

The downward trend in state support is starkly visible when we look at the time when, by law, the state provided 67 percent of instructional costs at our four-year institutions and 75% of instructional costs for our two-year institutions. In 2009, those percentages of state support dropped dangerously low. For the first time, students' share of instructional costs (tuition) was greater than Washington State's share. Without a publicly stated, conscious decision, Washington State is headed toward privatizing all of higher education.

The benefits to our democracy of an educated citizenry and the benefits to our economy of a skilled work force require the state to acknowledge its responsibility to the public interest.

Provided below are the Board's findings and recommendations pursuant to the provisions of ESHB 2344 which seek to reverse the march towards privatized higher education in Washington. The findings and recommendations are presented in three areas:

1. State Tuition Policy
2. Basis of Tuition Rates and Charges
3. Costs and Affordability

### State Tuition Policy

The Higher Education Coordinating Board finds that a state resident undergraduate tuition policy is needed to provide students, their families, and public institutions with predictable tuition – a policy that will enable progress toward the *2008 Strategic Master Plan for Higher Education* goals of increasing educational attainment by ensuring equitable access and affordability.

#### Recommendation One

The Board recommends a state tuition policy be enacted by the Legislature which recognizes that the cost of higher education should be a shared responsibility between the public and those who attend. Accordingly, the Board recommends that state tuition policy be enacted which is based on the following principles:

- The state should regain its position as the “majority shareholder” of the state's public higher education enterprise. Within the next three biennia, the state should be responsible for no less than 55 percent of the recognized cost of undergraduate instruction.

- Tuition costs to students and families and tuition revenue to institutions should be predictable during periods of economic decline as well as economic growth.
- A state tuition policy does not prescribe future legislative actions, but provides a framework for guiding decisions toward the above two principles.

**Recommendation Two**

That a higher education funding study, as recommended and introduced in the System Design Plan as well as this Tuition Report, be conducted by the HECB.

**Recommendation Three**

ESHB 2344 called for an assessment of the “higher tuition (lower state appropriation), higher financial aid” model. The Board does not support this approach as a basis of state tuition policy.

The Board’s position is based on the following considerations:

- Empirical evidence of the consequences of this approach at other universities, as reviewed in the report, clearly shows that the high tuition, high aid model reduced the participation of lower-income and underrepresented groups. Increasing participation of lower income and underrepresented students in higher education is a critical goal of the strategic master plan as well as the System Design Plan.
- As a state policy, this approach would conflict with the Legislature’s authority and responsibility to sufficiently fund public higher education at levels which result in affordable tuition and access to students and families of all income levels.
- This approach would have a tremendous financial impact on middle-income families, who do not benefit from state financial aid programs and cannot afford paying the full cost of instruction, as detailed in Table 4, above.
- The Board proposes that undergraduate resident tuition rates for resident undergraduate students shall not exceed the 60<sup>th</sup> percentile of institution’s respective Global Challenge State peer set undergraduate resident tuition rate.

## **Basis of Tuition Rates and Charges**

### **Recommendation Four**

ESHB 2344 directed the Board to evaluate, in collaboration with higher education stakeholders, ten alternative bases for setting tuition rates. The following three general criteria were to be used in this assessment:

- Impacts on students of different income levels
- Administrative feasibility
- Implications on financial aid

Because the public interest in higher education is at a critical point where student tuition dollars exceed public investment at most institutions, the Board recommends a new process for arriving at tuition rates. Based upon the findings of this study, the Board recommends that the institutions will propose differential tuition rates at each of their respective campuses, by role and mission and the cost of instruction at each campus, and within the parameters outlined by Recommendation 1 (above) for HECB consideration as part of the biennial operating budget proposal cycle. Based on these submissions and staff analysis, the Board shall include recommendations on resident undergraduate tuition rates in its biennial budget recommendations to the Legislature and Governor.

The Board recognizes that differential tuition rates would reflect the diverse missions and roles of our institutions, while simultaneously emphasizing the need to grow student access points at the branch campuses. Additionally, the Board contends that resident undergraduate tuition rates are a state-level policy discussion and should be contemplated at a system-wide level to ensure that access and degree goals are considered in tandem with tuition rates.

## **Associated Findings Concerning Costs and Affordability**

### **Recommendation Five**

ESHB 2344 directed the Board to examine the interaction between differing tuition rates, family incomes, and financial aid. This paper presents clear evidence that current eligibility levels for State Need Grant are insufficient for the majority of families of four with two dependents and one of college age. This finding applies to both upper-lower income families as well as middle-income families.

The Board recommends that this finding be carefully considered by the Governor and Legislature. Accordingly, the HECB will consider enhancements in the State Need Grant program as a high priority when developing the HECB 2011-13 agency budget request.

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## Appendix 1

## Synopsis of Prior Tuition Policy Work June 2009

**October 1990****Tuition and Fee Briefing Paper for the 1991-93 Biennium**

In anticipation of the 1991-93 biennium, HECB staff drafted a tuition policy brief to help the Board develop and adopt a new tuition policy. At that time, tuition was tied to the cost of instruction (calculated via the Education Cost Study). The paper prompted an inquiry into how costs for higher education in Washington compared to those at peer institutions outside of the state. A peer comparison was provided and the Board adopted a resolution for the 1991-93 biennium to hold tuition policy to the current structure.

**Board action:** Resolution 90-33 recommended continuation of current tuition and fees structure.

**Board action:** Resolution 90-34 accepted the 1989-90 Education Cost Study for submittal to the Legislature.

**Legislative action:** Tuition was based on a percentage of the cost of instruction by sector.

**December 1991****Briefing Paper: Higher Education Finance Issues**

This finance paper was prompted by the need to assess how declining state revenues would impact higher education and how to make thoughtful policy decisions about tuition to avoid long-term damage to its funding. The paper deemed that higher education was a public good in need of predictable, consistent public funds and noted that current state funding did not adequately support anticipated and growing enrollments, quality programs, and peer funding levels.

**Board action:** This briefing paper was delivered to the Board as an information item only.

**Legislative action:** Tuition was based on a percentage of the cost of instruction by sector.

**December 1992****Tuition and Fee Policies**

This analysis was conducted in response to a December 1991 request by the HECB to analyze tuition and fee policy shifts. Various policies were examined including pegging tuition to growth in per capita personal income (PCPI) and continuing current policy, which used a factor of the cost of instruction to set tuition. The report reiterated HECB principles for tuition policy including balance (between the share of state support and student resources), fairness, and predictability.

**Board action:** Resolution 92-39 recommended continuation of current tuition and fees structure.

**Legislative action:** Tuition was based on a percentage of the cost of instruction by sector.

**December 1993 Tuition in Washington: A Comprehensive Review**

This report found that in the preceding twenty years, tuition was increasing rapidly and that extra tuition dollars were not buying more education, they were replacing state tax support. Various tuition policy options were examined including high tuition, high aid and linking tuition to program costs, family income, credit load, and even charging students extra tuition for classes that did not count towards degree requirements. Recurring concerns about affordability and access were brought to bear in the report, which included a recommendation to keep tuition levels equitable and predictable.

**Legislative action:** 2ESSB 5982 established local, institution-level control for tuition operating fees and interest.

**Legislative action:** ESSB 5781 passed in an effort to preserve access to higher education. The bill was designed to retain 1993 participation rate levels by sector and incrementally add appropriations to reach HECB participation goals by 2010.

**December 1994 Tuition and Funding Policy Brief for the 1995-97 Biennium**

The 1994 brief on tuition and funding recommended a bilateral approach to funding higher education in Washington. The Brief recommended that 1) annual inflation increases be met with a minimum annual 3 percent tuition increase across all institutions (that increase plus an optional 3 percent annual increase was considered a stable, predictable funding level) and 2) institutions be allowed to increase tuition an additional 2 percent per year depending on institutional priorities and needs.

**Board action:** Resolution 94-36 recommended consistent inflationary tuition increases, with an option for institutions to raise tuition an additional five percent (maximum of 8 percent).

**Legislative action:** ESHB 1603 (originally legislation from 1993) gave local control of tuition revenue to institutions effective 1995, along with a ceiling increase for tuition and fees. "It is the intent of the legislature to address higher education funding through a cooperative bipartisan effort that includes the legislative and executive branches of government, parents, students, educators, and concerned citizens. This effort will begin in 1995, with the results providing the basis for discussion during the 1996 legislative session for future decisions and final legislative action in 1997. The purpose of this act is to provide tuition increases for public institutions of higher education as a transition measure until final action is taken in 1997."



**January 1995****Tuition in Washington: A Comprehensive Review**

From 1984-85 to 1994-95 the overall cost of attendance for undergraduates at the research institutions grew 64 percent. During that period, tuition at the research level grew 122 percent. This review considered tuition policy options including high tuition, high aid and linking tuition to program costs, family income, credit load, and even charging students extra tuition for classes that do not count towards degree requirements. Continued concerns about affordability and access were a critical theme of this report.

**Legislative action:** ESSB 5325 in its original form (Rinehart, D-Seattle) sought to ensure predictability and affordability of tuition in Washington by linking tuition increases to average per capita income increases. Tuition policy would have been increased as a percent outlined by statute, rather than the HECB's Education Cost Study. After the first engrossed version of the bill, the legislation outlined a four percent annual increase to tuition and no longer included language to link tuition increases to average per capita income increases. The policy was supposed to be revisited in 1997.

**September 1996****An Overview of Tuition in Washington**

This report contends that in 1992-93 and 1993-94, Washington institutions relied on tuition and fee revenue more than most states to balance shortfalls in state funding. Several tuition policy options were analyzed including cost sharing models (between state funding and student tuition), indexing tuition to PCPI or median family income (MFI), as well as differentiating the cost of programs or upper- or lower-division coursework.

**Board action:** Resolution 96-45 recommended an agency bill to study model tuition programs.

**Legislative action:** Senate Bill 6314 (Rinehart, D-Seattle) outlined that tuition increases be indexed to personal per capita income with a corresponding increase in state general fund dollars as tuition gradually increased. This legislation did not progress through the Senate Rules Committee.

<b>January 1997</b>	<p><b>Washington State Tuition and Fee Policies</b></p> <p>This brief document outlined recent and historical policy related to tuition. The document calls attention to the prior two years of four percent annual tuition increases and notes that Washington resident undergraduate tuition and fee rates are growing faster than peer rates (HECB "24" peers). No resounding recommendation was made, although the report notes that the legislature would be making a more pronounced, long-term tuition policy decision during the coming session.</p> <p><b>Legislative action:</b> Senate Bill 5833 addressed the predictability and stability of tuition policy and would have frozen tuition and fees at a consistent rate for students until they reached 180 credits. This legislation did not progress through the Higher Education Committee.</p> <p><b>Legislative action:</b> E2SSB 5927 provided a four percent annual tuition increase for the 1997-99 biennium for institutions and froze tuition increases after 1999 (specified that new tuition rates could be specified in the budget). This was an important moment for tuition policy in Washington, as the 1997 legislature was supposed to determine a long-term policy for tuition in the state, as outlined in legislation from 1995.</p>
<b>October 1998</b>	<p><b>An Over view of Tuition in Washington: 1998 Update</b></p> <p>This overview is a holistic look at tuition policy developments in the state including tuition policy history, peer group differences, and tuition growth compared to PCPI, MFI and inflation growth. In addition, the overview suggests tuition policy alternatives like indexing tuition to MFI or PCPI, charging tuition based on credit load, and sharing costs based on information from the Cost Study (which would have reinstalled prior tuition policy).</p> <p><b>Board action:</b> Operating budget request submitted to OFM suggested a tuition policy linking tuition increases to the three year average increase of per capita income based on findings of the September 1996 Overview of Tuition in Washington document.</p>
<b>Winter 1999</b>	<p><b>Board action:</b> Operating budget request submitted to OFM suggested a tuition policy linking tuition increases to the three year average increase of per capita income based on findings of the September 1996 Overview of Tuition in Washington document.</p> <p><b>Legislative action:</b> Senate Bill 5699 provided limited tuition setting authority (up to 20 percent for public four-year institutions and up to 5 percent for community and technical colleges) to institutions. This legislation did not progress through the Higher Education Committee.</p>

<b>Winter 1999</b>	<p><b>An Overview of Tuition in Washington: 1998 Update (continued)</b></p> <p><b>Legislative action:</b> Substitute Senate Bill 5592 (Companion bill HB 1528) provided limited tuition setting authority (up to 6.75 percent at UW and WSU and up to 2 percent per year for every other institutions) after the 1999-2000 academic year. Any additional tuition increases after 1999-2000 were supposed to be tied to the average increase of per capita income in the state. Instead, tuition was decided upon in the operating budget and allowed to increase up to 4.6% in 1999-2000 and 3.6% in 2000-2001.</p>
<b>October 1999</b>	<p><b>Statewide Strategic Master Plan Goals</b></p> <p>The 2000 Statewide Strategic Master Plan called for increased predictability in the way in which tuition was charged at public institutions. The plan called for tuition increases to be equivalent to increases in median family income in the state.</p>
<b>December 2001</b>	<p><b>Higher Education Coordinating Board Legislative Priorities</b></p> <p>As a follow-up to the statewide strategic master plan, HECB called for tuition to increase equivalent to the projected increase in per capita personal income (per capita income was forecast to increase by 4.7 percent in 2001-02 and 3.8 percent the following year).</p>
<b>January 2002</b>	<p><b>Washington Tuition and Fees</b></p> <p>The 2001-02 articulation of the Washington Tuition and Fees report found that tuition and fees in Washington was swiftly outpacing PCPI as well as inflation. Additionally, the legislatively mandated tuition percent increase ceilings were being maximized by institutions annually. In other words, most institutions found just cause to increase tuition to the full extent allowable each year.</p> <p><b>Board action:</b> Resolution 02-01 called for institutions to receive tuition setting authority, given decreasing state funding to higher education and increasing enrollments. The Board recognized that the tuition policy was a departure from the current tuition policy, but that tuition authority should be accompanied by increased state funding, financial aid and institution aid.</p> <p><b>Legislative action:</b> SB 6739 called for tuition to be indexed against median family income to ensure predictability of tuition growth and affordability for Washington families. The legislation did not progress past the Higher Education Committee.</p>
<b>March 2002</b>	<p><b>Washington Tuition and Fees (continued)</b></p> <p><b>Legislative action:</b> ESSB 5770 would have given local tuition setting authority to the boards of institutions and the State Board for Community and Technical Colleges. This legislation was not signed by the Governor. Instead, institutions received double-digit percent increases for tuition in the operating budget.</p>

**January 2003****Washington Tuition and Fees**

The 2002-03 version of Washington Tuition and Fees archives the steepest tuition increases in recent memory. Double-digit tuition increases occurred in every sector of Washington higher education. Notably, tuition increased 16 percent at WSU and 14.6 percent at UW (the 8th highest research institution tuition increase in the nation at the time). The average tuition increase for comprehensive institutions was 13 percent, the 12th highest tuition increase in the nation for the comprehensive sector. The community college sector tuition rate grew by 13.7 percent, the 5th highest tuition increase in the nation for the community college sector. The report laid the groundwork for heightened concerns regarding access and affordability.

**Legislative action:** "The legislature recognizes the importance of keeping the public commitment to public higher education and will continue searching for policies that halt the trend for the growth in tuition revenue to outpace the revenue provided by the state. The legislature believes that a well-educated citizenry is essential to both the private and the public good."

**Legislative action:** Effective July 2003, ESSB 5448 gave institutions tuition setting authority for all students other than resident undergraduates.

**January 2004****Washington Tuition and Fees**

The 2003-04 articulation of the Washington Tuition and Fees report found that tuition and fees increases in Washington were less than the year previous, or 7 percent for the research and comprehensive sector, but 8.1 percent for the community and technical college sector. However, the report notes that the previous year's steep increases were carried forward in the base. Additionally, the report notes that Washington institutions were becoming increasing more expensive relative to WICHE peer institutions. The 2004 Strategic Master Plan called for tuition authority to be limited to seven percent annually over four years.

**Legislative action:** Tuition increases for resident undergraduate students were held to 7 percent annually.

**February 2005****Washington Tuition and Fees**

The 2004-05 articulation of the Washington Tuition and Fees report found that tuition and fees increases in Washington were less than the year previous, or 7 percent for the research and comprehensive sector, but 8.1 percent for the community and technical college sector. The report notes that tuition and fees increased 78 percent at the UW since 1994-95 while PCPI grew 51 percent.

**Legislative action:** Tuition increases for resident undergraduate students were held to 7 percent for research, 6 percent for comprehensive, and 5 percent for community and technical colleges through the biennium.

<b>March 2006</b>	<b>Washington Learns: Tuition Policy Options</b> <p>In response to the legislation that created Washington Learns, tuition policy was examined to better fulfill the goals of predictability, affordability, accountability, clarity, and quality. The Washington Learns higher education advisory committee examined tuition policies including high tuition, high aid, linking tuition to the cost of instruction and differentiating tuition rates by credit hour, upper and lower division, major, type of institution, inflation index, institution campus and student income level. Don Heller presented to the advisory committee, which decided sustain current policy, maintaining a 7 percent tuition increase ceiling by legislative mandate.</p>
<b>May 2007</b>	<b>Washington Tuition and Fees</b> <p>The 2006-07 Washington Tuition and Fees report found that tuition and fees increased 6.8 percent for the research sector and 5.8 percent for the comprehensive and community and technical college sectors. The report noted that tuition and fees increased 81 percent at the UW since 1996-97 while PCPI grew 49 percent.</p> <p><b>Legislative action:</b> SB 6133 introduced a tuition policy which would have frozen tuition rates for undergraduate students during their tenure as undergraduate students, with annual adjustments to tuition for inflation only. This legislation did not progress through the Higher Education Committee.</p> <p><b>Legislative action:</b> Tuition increases for resident undergraduate students were held to 7 percent for research, 5 percent for comprehensive, and 2 percent for community and technical colleges through the biennium.</p>
<b>February 2009</b>	<b>Differentiated Tuition Policies: An Examination of Graduated Income-Based Tuition Policy</b> <p>This white paper examined both graduated and differentiated tuition policies, defined various types of tuition policies, and provided examples of cases where such policies were in place. This report was completed in anticipation of a legislatively mandated tuition policy study and was meant to inform Board members about various tuition policy options.</p> <p><b>Board action:</b> HECB decided on two principles for tuition policy should large increases occur. First, that any increases beyond 7 percent be treated as a surcharge, and not as permanent policy and second, tuition increases should include a sunset clause.</p> <p><b>Legislative action:</b> 2SHB 1235 (Companion bill SB 5734) allowed institutions to continue to set tuition rates for students other than resident undergraduates for four more years.</p> <p><b>Legislative action:</b> ESHB 2344 required the HECB, with the input and assistance of higher education stakeholders, to review a number of alternative tuition policy options in order to arrive at a suggested recommendation for tuition policy.</p> <p><b>Legislative action:</b> Tuition increases were outlined in the omnibus appropriations act and four-year institutions were given authority to raise tuition up to 14 percent per year for resident undergraduates through 2010-11. Community and technical colleges were allowed to raise tuition no more than 7 percent per year through 2010-11.</p>

**Appendix 2**

**Legislation Requiring Tuition Policy Work**

**Excerpt from Engrossed Substitute House Bill 2344  
(As passed by the Legislature April 26, 2009)**

**NEW SECTION. Sec. 2.** A new section is added to chapter 28B.15 RCW to read as follows:

- (1) The Higher Education Coordinating Board, in coordination with higher education stakeholders, shall review options and make recommendation on a tuition policy that allows flexibility, accessibility, and differentiation among Washington's various public baccalaureate tuition rates. Recommendations shall support the implementation of the strategic master plan for higher education including consideration of policies that address student access, equity, and academic quality.
- (2) The Board shall examine policies that couple higher tuition with higher institutional need-based financial aid; differential tuition rates based on family income; differential tuition rates based on institutional mission, campus, credit hours, academic program, and delivery method; and policies that encourage collaboration and coordination among institutions of higher education that facilitate coenrollment among multiple institutions, including enrollment in online learning courses.
- (3) Each option shall be assessed in terms of administrative feasibility, interactions with, and implications for state and federal financial aid tuition programs, and impacts on students of different income levels.
- (4) The Board shall report its findings and recommendations to the governor and to the appropriate committees of the legislature by November 1, 2009.

**Appendix 3****University of Washington Submission for High Tuition  
High Financial Aid Alternative****High Tuition, High Financial Aid*****Summary of Option:***

A higher tuition/higher-financial aid model is another model to consider. As tuition is increased to cover an institution's costs, financial aid is increased even more so that the economic profile of the student body is not disrupted. This model can be implemented across a spectrum or in increments, but in its purest form, tuition is set at or closer to the actual cost of instruction at an institution. Students and families who are able to afford the tuition based on existing federal calculations pay a higher rate of tuition.

Existing state operating funds dedicated to higher education are shifted to a much-increased commitment to financial aid to ensure that access for low and middle-income students remains strong. This alters the role of the state from an actor that provides a higher education subsidy for all students in the state, regardless of their ability to pay, to an actor that utilizes public dollars to subsidize the purchase of a full-priced education for those students who cannot afford it. It removes what may be considered an unnecessary subsidy for wealthy families attending public colleges and universities. Ultimately, this model shifts more of the cost burden for higher education onto higher income families who are no longer receiving an automatic state subsidy.

***Institutional and Student Assessment:***

All students enrolled in Washington's public institutions of higher education pay less than the actual cost of their attendance and instruction. The distribution of the true cost of education between the state and families has been a topic of much debate and has changed over time, most recently with losses in state operating funds pushing more of the burden to Washington's students and their families. Tuition and fee revenue now makes up over 50 percent of the core education budget for most of Washington's institutions.

Proponents of a pure high tuition/high aid model argue that providing a state subsidy for the higher education of every state citizen is inefficient and unnecessary in a world where much of the benefit of higher education accrues to the individual student over his or her lifetime. It may also be inequitable as it leads to a reality where many public dollars are being spent to benefit middle and upper income families, diminishing the amount of financial aid dollars available to low-income students and families and thereby decreasing their access to higher education and social mobility.

Research and experience relating to this model in its most extreme form has raised some serious concerns for students and families. Because students and families may pay more attention to the 'sticker price' of tuition than the availability of financial aid, higher tuition may decrease the likelihood that they apply and attend college as they may become discouraged. This is especially a concern for low-income and minority students.

If this model were adopted, this potential effect would need to be aggressively addressed and combated to preserve access and diversity. Additionally, for this model to work, increased state and institutional commitments to financial aid must be codified. If financial aid becomes a discretionary expense that is curtailed in a bad economy, this, coupled with the now high tuition rate, could prove devastating to access and diversity. Lastly, increased financial aid, particularly for low-income students, must not rely heavily on loans. Increased student debt burden could also have deleterious effects for student access.

This model also raises concerns for middle and high-income students and their families. Middle-income students and their families might be squeezed by this model because they do not qualify for much financial aid. A successful implementation of this policy would need to target this impact on middle-income families.

Additionally, fairness concerns about high-income students subsidizing low-income students must be addressed, as must be the concern that high quality students from middle and high-income families will go out of state or to a private institution when faced with so much less of a discrepancy in cost between the public and out of state and/or private options. An institutional merit aid program similar to many private institutions may help to combat this, as would the fact that, even when priced on actual cost, public university tuition will still be much lower than the alternatives.

Many of the above concerns dissipate as you consider partial implementation of this model, which leaves in place a general state subsidy, but reassesses the portion of the costs carried by the state and the portion carried by the student and family, and sets tuition and financial aid accordingly.

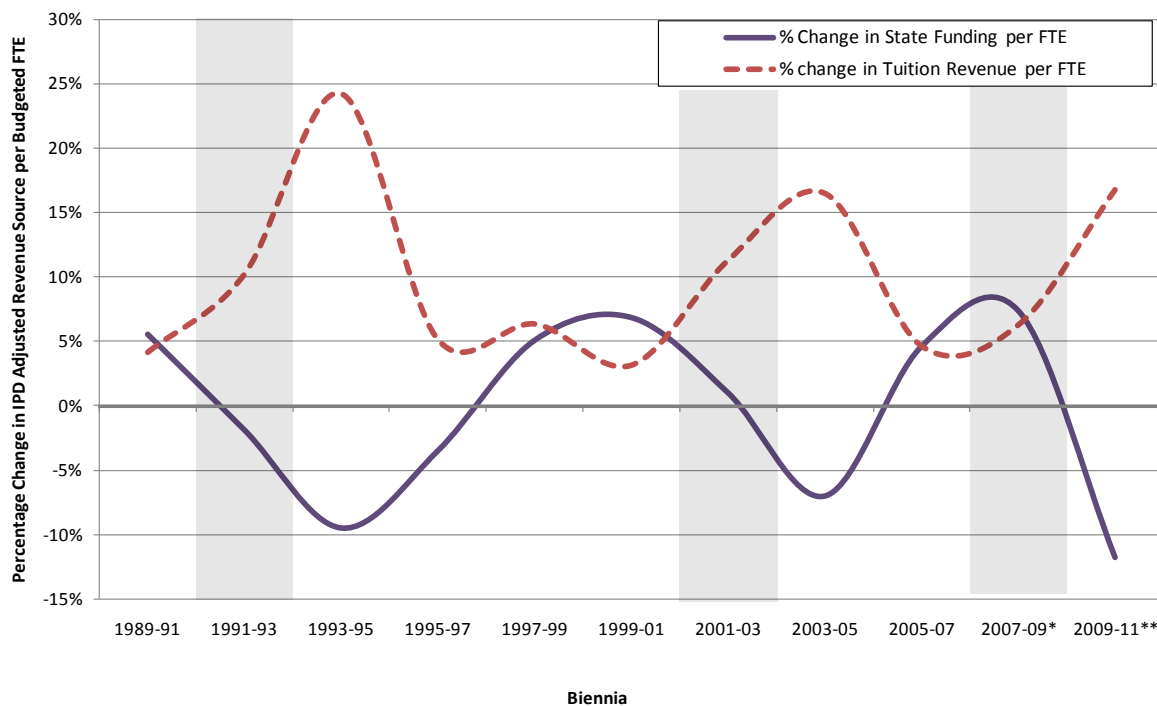


## Appendix 4

## State General Fund Appropriations to Higher Education Consistently Accompanied by Increases in Student Tuition

### Percentage change in IPD Adjusted State Biennial Funding for Higher Education in Washington Per Budgeted FTE as Compared to Percentage change in IPD Adjusted Tuition Revenue per FTE

Average Biennial Budgeted FTE Student Enrollment, Near General Fund-State,  
Biennia with Recessions are Shaded



## Notes:

\*2007-09 Funding Reflects Appropriation Levels from 2009 Supplemental 2007-09 Operating Budget.

\*\*2009-11 Funding and FTE Levels Reflect Appropriation Levels from 2009-11 Operating Budget as Passed Legislature.

### **RESOLUTION NO. 09-30**

**WHEREAS,** Substitute House Bill 2344 required the Higher Education Coordinating Board to assemble higher education stakeholders to review and make recommendations on numerous tuition policy alternatives to be submitted to the 2009 Legislature; and

**WHEREAS,** Board staff have completed a six-month study, involving over 30 stakeholders in production of a tuition report entitled “Tuition Policy Report,” dated November, 2009; and

**WHEREAS,** The Board finds that a system-wide resident undergraduate tuition policy is needed to provide students, their families, and public institutions with predictable tuition which will enable progress toward the *2008 Strategic Master Plan for Higher Education* goals of increasing educational attainment by ensuring equitable access and affordability; and

**WHEREAS,** The Board proposes a system-level tuition policy where the state would be responsible for no less than 55 percent of the cost of instruction for resident undergraduate tuition within three biennia of this Resolution; and

**WHEREAS,** The Board believes that a larger higher education funding study needs to be conducted as the next key step in implementing the *2008 Strategic Master Plan for Higher Education*; and

**WHEREAS,** The Board contends on the basis of empirical research and HECB staff analysis that a higher tuition (lower state appropriations), higher financial aid model would conflict with the Legislature’s authority and responsibility to sufficiently fund public higher education at levels which result in affordable tuition and access to students and families of all income levels (including middle-income families); and

**WHEREAS,** The Board recognizes the diverse mix of institutions in our system by proposing a new policy, where institutions will propose differential tuition rates at each of their respective campuses, by role and mission, based upon the cost of instruction, and within agreed upon parameters for consideration as part of the biennial operating budget proposal cycle; and

**WHEREAS,** The Board finds that current eligibility levels for State Need Grant are insufficient for the majority of lower and middle-income families and recommends that this finding be carefully considered by the Governor and Legislature and be considered as a high Board priority when developing the HECB 2011-13 agency budget request; and

**WHEREAS,** The Board welcomed public, institutional, and student comment during its September, October, and November 2009 meetings;

**THEREFORE, BE IT RESOLVED,** That the members of the Higher Education Coordinating Board hereby accept the Tuition Policy Report recommendations as written and direct staff to submit these recommendations and the entirety of the report to the 2009 Legislature and Governor in compliance with the provisions of ESHB 2344; and

**BE IT FURTHER RESOLVED,** That the Board directs staff to develop legislation for the 2010 session to implement the recommendations of the Tuition Policy Report.

Adopted:

November 19, 2009

Attest:

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Jesús Hernandez, Chair

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Roberta Greene, Secretary